

## **State Board of Internal Control (SBIC)**

Capitol Building 4<sup>th</sup> Floor Room 414

May 31, 2017

8:30 am to 10:07 am (CST)

### **1. Roll Call of Board Members – 8:30 AM Call to Order**

#### **A. Members in Attendance:**

- i. Liza Clark – Chair – BFM Commissioner
- ii. Monte Kramer – BOR
- iii. Laura Schaeffer – DSS
- iv. Tami Darnall – DOE
- v. Kari Williams – DOH
- vi. Robert Swanson – Auditor's Office
- vii. Greg Sattizahn- UJS
  - a. Quorum is present

### **2. Approval of Agenda**

#### **A. Motion to approve the agenda**

- i. IT WAS MOVED by Kramer, seconded by Darnall to approve the agenda. The motion carried with unanimous voice vote.

### **3. Approval of Minutes**

#### **A. Motion to approve minutes**

- i. IT WAS MOVED by Sattizahn, seconded by Williams to adopt the April minutes. The motion carried with unanimous voice vote.

### **4. Housekeeping Issues**

- A. All meeting materials located on OPEN SD under State Board of Internal Control
- B. Streaming live
- C. Any questions, email [Derek.Johnson@state.sd.us](mailto:Derek.Johnson@state.sd.us)

### **5. Post Session Review**

#### **A. HB1170**

- i. AJ Franken, Governor's Office, gave an update on HB1170.
- ii. Lt. Governor Matt Michels – How will the forms be disseminated?
- iii. Franken – I anticipate that we will work with the Attorney General's office on that.

### **6. Recurring Discussion Items**

#### **A. Subrecipient audit Notifications from DLA (SDCL 1-56-9)**

- i. Terry Miller stated that there currently were no single audit notifications from the Department of Legislative Audit.

- B. Follow up on prior subrecipient audits and current status, Terry Miller went over 3 prior subrecipient audits regarding the Senior Citizens Services Inc. DBA Active Generations, Feeding South Dakota, and Butte Electric Cooperative.

- i. Laurie Mikkonen, Finance Officer for DSS – reviewed for Senior Services Inc. There was a financial statement finding, a cash management finding, and a program income and match finding. DSS had a call with their management on April 5<sup>th</sup> and provided assistance in how to address the audit findings. On April 18<sup>th</sup> they released a letter stating they would outline policies and procedures and bring in an external auditor to review their financial statements. We will conduct an onsite audit with a review due date of July 3<sup>rd</sup>.  
Michels- When you complete that, do you then need to forward that back to the Auditor General?  
Mikkonen- We send it back to Active Generation and I can look to see if we do send one back to DLA as well.
- ii. Heather Nachtigal, Assistant Finance Officer for DPS – reviewed for Butte Electric Cooperative. Critical staff was out during the audit to provide the required documentation which led to part of the audit finding. We met with them and they agreed to better outline their policies and procedures as well as acknowledged the absence of personnel led to the findings.
- iii. Tami Darnall, Finance Officer for DOE – reviewed for Feeding South Dakota. There were 2 findings here. There was a second year finding on the forms by the time the first finding came out some of the improper forms had already gone out with second year grant and they have addressed that. There was also an issue with the beginning and end date of the contract award which was addressed. We have not but can and will in the future forward those on to the Auditor General.

## **7. Code of Conduct for Boards and Commissions – update – BHR**

- A. Ann Holzhauser stated that work continues on the Code of Conduct draft.

## **8. Federal Grant Compliance Workgroup (UGG Work Group) Tools**

- A. Miller stated that the name of the workgroup has been changed to the Federal Grant Compliance Workgroup. Miller reviewed with the board a mission statement that has been established for the work group.
- B. IT WAS MOTIONED by Kramer, seconded by Darnall that the State Board of Internal Control (SBIC) adopts the Contractor or Subrecipient Relationship Determination Checklist, the Pre-Award Risk Assessment tool, the Subrecipient Monitoring Guide, and the Subrecipient Agreement Template, as presented by the Federal Grant Compliance Workgroup, as standard tools and guidelines in the internal control process in accordance with 2 CFR 200.330 and 200.331. BFM will make these tools available electronically. Unless specific alternative forms are allowed by the SBIC, all state agencies, as defined by SDCL 1-56-1, shall use these tools for all new agreements or contracts entered into on or after July 1, 2017 that are funded with federal funds. The SBIC may approve use of an alternative form by a state agency if the agency demonstrates that the alternative form complies with 2 CFR 200. Any state agency that is required in writing by a federal awarding agency, as defined by 2 CFR 200.37, to use forms or tools other than then these, is awarded an automatic exemption from using them for the purpose of that grant. However, the state agency must maintain documentation of the requirements of the federal awarding agency. The motion carried with unanimous roll call vote.
- C. Alternative form requests

- i. Chris Petersen, Finance Officer for GFP and SDDA – requested an alternative form for the Fish and Wildlife Service and The Forest Service grants. The Forest Service in July 2015 provided SDDA with a risk assessment tool. Additionally, the Fish and Wildlife Service provided them a form in March of 2014 that is 4 pages long. They plan to use the state provided forms and have been using them since last year for other grants not covered by these 2 agencies. Chris will provide these forms to the board.

Clark- Sounds good, we will wait and consider the alternative motion for next month.

- ii. Jackie Nelson, SDSU, presented the FDP forms that the BOR uses. These FDP forms are used by Institutes of Higher Education and, in particular, Research Universities. These are the standard forms in our industry and in most cases other institutions cannot accept anything else. SDSU went through a NSF targeted review due to our level of sub awards. Our processes and forms were reviewed and no concerns were noted in the audit.

Clark - Is this just IHEs that use this or are there any other groups that use this?

Kay Scheibe, SDSU - There are 10 federal agencies that serve on this group and 155 institutions that serve on this group. We are a non-member but are encouraged and allowed to use this.

Clark - Also you say they do annual updates to these forms, when do they do that? We have talked about other agencies coming before the board to address changes and so I was wondering what the timeline.

Nelson - We believe it is September or January.

Kramer - Attachment 6 was added to address the attestation requirements of the State of South Dakota. Have you had any trouble with that?

Nelson - We have not had any problems.

Clark - Are you going to use these forms for all of your federal grants or just the research grants?

Nelson - We use these for all federal grants.

Kramer - It seems to me we are approving the FDP forms now and to me it seems we are making a decision on the federal partnership. We are adopting a different standard and I am comfortable using that unless something changes very dramatically so I don't know if we would need to come every year with all the changes.

- iii. Heather Nachtigal, DPS - Starting July 1<sup>st</sup>, 7 of our grants will use an online managing system. To make changes would require us to work with our vendor for our system to try to make changes and we don't feel they could be made in time. We are requesting just a 1 year exemption until we can get the changes completed.

Kramer - Are you saying you would be adding to your current template?

Nachtigal - Starting next year, we would plan to start using the exact template the board proposed.

- iv. IT WAS MOTIONED by Darnall second by Kramer that the State Board of Internal Control (SBIC) approves: 1) the request of the Department of Social Service to use an alternative form for the Contractor or Subrecipient Relationship Determination Checklist; 2) the request of the Department of Health to use an alternative form for the Pre-Award Risk Assessment Tool, and; 3) the request of the Department of Public Safety to use an alternative form for the Subrecipient Agreement Template for Homeland Security and Highway Safety grants. The alternative forms may be used by these agencies as their standard tools in the internal control process in complying with 2 CFR 200 for agreements or contracts entered into on or before

June 30, 2018. And, the State Board of Internal Control (SBIC) accepts the South Dakota Board of Regent's Federal Demonstration Partnership (FDP) alternative forms for the Contractor or Subrecipient Relationship Determination Checklist, Pre-Award Risk Assessment tool, and Subrecipient Agreement Template, as their standard tools in the internal control process in complying with 2 CFR 200.330 and 200.331. The motion carried with unanimous roll call vote.

**9. Other Discussion Items – No other items were discussed**

**10. Agenda Items for Next Meeting – No items were identified**

**11. Adjourn**

- A. IT WAS MOVED by Darnall, seconded by Sattizahn to adjourn. The motion carried with unanimous voice vote.